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Security Council

... General
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Letter dated 3 October 2002 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

I write with reference to my letter of 5 June 2002 (S/2002/627).

The Counter-Terrorism Committee has received the attached supplementary report from the Kingdom of the Netherlands, submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex).

I should be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Jeremy **Greenstock**
Chairman
Security Council Committee established pursuant to
resolution 1373 (2001) concerning counter-terrorism

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Annex

Letter dated 30 September 2002 from the Permanent Representative of the Netherlands to the United Nations addressed to the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

With reference to your letter of 28 May 2002, written in your capacity as Chairman of the Counter-Terrorism Committee, it is my pleasure to submit herewith the answers to the questions put forward in your letter (see enclosure).

As requested, the answers follow the numerical order of the paragraphs and subparagraphs of resolution 1373 (2001). The Netherlands understands and appreciates that this report will be circulated as a document of the Security Council.

Let me reiterate that my Government is ready to cooperate further with the Counter-Terrorism Committee.

(*Signed*) Dirk Jan **van den Berg**
Ambassador
Permanent Representative

Enclosure

Second report on the implementation of resolution 1373 (2001)

Subparagraph 1(a)

Question 1
As Annex B of the FATF's annual report for 2001-2002 makes clear, the Netherlands has applied 7 of the 8 special recommendations adopted by the FATF after 11 September to take rapid, targeted action against the financing of terrorism. Where recommendation 8 is concerned, which focuses on the financing of terrorism by non-profit organisations, the FATF has suspended the application and implementation of this recommendation pending the outcome of further consultations. The Netherlands is therefore fully in compliance with the FATF recommendations that are subject to implementation.

Question 2
In the Netherlands, the obligation to report suspicious transactions applies to the following: banks, insurance companies, De Nederlandsche Bank NV, credit card companies, securities institutions, currency exchange organisations, money transfer institutions, casinos, and so-called gatekeepers such as dealers in expensive goods (e.g. cars, ships, jewellery, diamonds, art and antiques). In addition, in anticipation of the deadline set by the second European Money Laundering Directive, persons practising liberal professions such as lawyers, notaries, estate agents, tax consultants, chartered accountants, and company managers will also become subject to the reporting obligation. Finally, the customs authorities have an internal guideline making it compulsory for customs officials to report any unusual cross-border money transports.

Three amplifications to the above may be added: where there is an obligation to report, clients are also required to prove their identity under the terms of the Identification (Financial Services) Act (WID). Furthermore, for the purposes of the act regulating the reporting obligation (Disclosure of Unusual Transactions (Financial Services) Act (MOT), what is relevant is not a person's stated occupation but the service performed, which means that the reporting obligation is wider-ranging than the list of occupations suggests. Finally, rather than "suspicious" transactions the Dutch legislation uses the wider term "unusual" transactions, which means that the scope of the reporting obligations is wider than in many other countries. It is an offence under the Economic Offences Act (WED) to fail to report an unusual transaction.

In addition, where transactions suggestive of the financing of terrorism are concerned, there is an additional obligation on top of the existing reporting obligation, for transactions that could be linked to anyone on the European Union's sanctions lists.

For the rest, the system covering unusual transactions is so wide-ranging that it includes the financing of terrorism. This is reflected not only by the unusual character of the reporting obligation (which exists regardless of whether or not there is a demonstrable link with any predicate offence) but also by the system of indicators or guidelines on the basis of which the institutions concerned are obliged to report. This detailed system goes beyond the automatic reporting of any transaction above a certain amount (which is anyway rather small) and includes the obligation to report on the client's behaviour, demeanour, attitude and stated wishes.

Question 3
Informal banking networks, such as Hawala, Hindi and Chit, are prohibited in the Netherlands, unless registered, under the Money Transaction Offices Act. This act deals with money transfer points and exchange offices. Any purveyor of such services that offers them without having been placed under the supervision of De Nederlandsche Bank NV is committing an economic offence.

Question 4
The Trust Offices Act (WTT) has been accorded priority, and will enter into effect at the end of 2003 if possible. It should be noted, however, that a registration obligation has already been introduced, ahead of the proposed legislation, for finance companies. The provisions for finance companies will be integrated and amplified in the WTT as soon as the Act enters into effect. So a provision making registration compulsory already exists for part of the WTT's target group, giving the supervisory body, De Nederlandsche Bank NV, more insight into the market.

Subparagraph 1(b)

Question 5
Any violation of the provisions (adopted pursuant to decisions taken at international level) laid down in or pursuant to the Sanctions Act 1977 is a criminal offence under the Economic Offences Act. If such a violation is intentional, the perpetrator may be sentenced to up to six years' imprisonment. This sentence, given the nature of the offences for which it can be imposed, is proportionate to the various maximum sentences that can be imposed under the terms of the Criminal Code for acts committed intentionally with a view to financing terrorism. Intentionality is not a requirement in the case of violations of the provisions of or pursuant to the Sanctions Act that are defined as criminal offences in the Economic Offences Act.

Subparagraph 1(c)

Question 6
The possibility of freezing the assets of suspect persons and/or organisations in response to a request for mutual legal assistance in criminal matters also exists in the Netherlands and the Netherlands Antilles.

Subparagraph 1(d)

Question 7
As indicated in the answer to question 2, the unusual nature of the Netherlands' reporting system makes it more extensive than those of other countries. In addition, the system covers not just banks but also Customs, non-banking financial agencies, and gatekeepers such as dealers in expensive merchandise - and in the near future will cover practitioners of the liberal professions as well. Transactions and services performed for associations by purveyors of services who are subject to the reporting obligation as defined above can be reported in the same way as those performed for natural persons or other legal persons. What counts is generally not who provides the service but the nature of the transaction. The constitutional freedom of association that could possibly constitute an impediment, in other countries, to the reporting of transactions or services performed for associations, does not constitute any impediment whatsoever in the Netherlands.

The following comment should be added here: in some cases it will in fact be the client rather than the nature of the transaction that prompts a report. This would apply, for instance, to legal or natural persons whose names occur on the European Union's sanctions lists. In other cases the decision to

report may be prompted by the country of origin or destination, for instance in the case of NCCT countries designated as such by the FATF. In this case too, the constitutional protection of the freedom of association is not an issue, since the system in the Netherlands involves reporting unusual transactions to an administrative agency. The fact that this agency may immediately declare the unusual transaction suspect and alert the police or the judicial authorities does not alter this in any way.

Subparagraph 2(a)

Question 8
Directive 91/477/EEC of 18 June 1991 of the Council of the European Communities on the control of the acquisition and possession of weapons was transposed into Dutch legislation by act of parliament of 27 January 1994 (Bulletin of Acts and Decrees 1994, 84), which entered into effect on 1 April 1994.

In the Netherlands, aside from a few exceptions, the legal possession of firearms is restricted to those who have been issued with a permit authorising such possession or a hunting licence with respect to the firearm concerned. When deciding whether to issue a permit authorising possession, besides the applicant's reliability and age, the applicant's reason for wanting to possess a weapon is an important criterion. The applicant must have a "good reason", which would include, for instance, the serious pursuit of marksmanship in a shooting club.

Applications for hunting licences are also assessed on the basis of age (applicants must be at least eighteen) and reliability, as well as the likelihood of misuse. In addition, applicants must demonstrate that they have hunting rights and are able to exercise them.

Reliability is assessed, both for permits authorising possession and for hunting licences, on the basis of a number of criteria, chief among which are the following:

- applications from persons who have at any time been admitted to a psychiatric hospital under article 37 of the Criminal Code, or who have been made subject to a hospital order under article 37a of the Criminal Code, will not be taken into consideration;
- applications from persons who have been convicted, within the previous eight years, of any of a large number of specified criminal offences by a final and conclusive judgment, whether handed down by a Dutch or a foreign court, will not be taken into consideration. The voluntary payment of a transaction, within the meaning of article 74 of the Criminal Code, is deemed equivalent, for the purposes of this provision, to a final and conclusive judgment.

Question 9
The International Convention for the Suppression of the Financing of Terrorism has been implemented in the Dutch criminal law. Criminal proceedings may be instituted against anyone engaged in criminal forms of the collecting of funds to aid and abet terrorism. This can be effected along three lines:

First, the financing of criminal offences can be defined as making preparations for a crime as defined in article 46 of the Criminal Code. This offence, which carries a penalty of eight years' imprisonment or more, is defined as one in which the perpetrator has intentionally acquired, imported, transported, exported, or kept in his possession certain objects (including money or means of payment) such as materials, information carriers, premises or means of transport, which are manifestly intended for the purposes of committing that crime. Hence financing or supporting acts of terrorism falls within the definition of preparation for a crime.

Second, financing or supporting terrorism may also be a criminal offence if it can be classified as joint perpetration of or complicity in an offence, or procuring its commission, or the attempt thereto. Thus, anyone who intentionally procures the commission of an offence by making a donation or a pledge, or by making resources available, is liable to prosecution. Besides attempting to commit a terrorist attack, attempting to procure the commission of a terrorist attack is also a criminal offence under article 46a of the Criminal Code.

Third, the financing of terrorism may also be a criminal offence under article 140 of the Criminal Code on participation in an organisation whose purpose is to commit crimes. Legislation is currently under preparation that will explicitly criminalise membership of a terrorist organisation. Acts of terrorism are almost always financed through the channels of some organisation.

The question arises of the extent to which it must be demonstrated or proven that the organisations collecting funds are aware that the money will be used, or risks being used, to finance criminal acts related to terrorism.

Under article 2 of the International Convention for the Suppression of the Financing of Terrorism, any person who by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out the acts of terrorism defined in paragraphs a and b of that article, is guilty of financing terrorism. In the Dutch context, it would have to be proven, for instance, that the fundraising organisation is acquiring or is in the possession of money or other means of payment that are evidently intended for the commission of crimes of terrorism. This means, for instance, that it will have to be proven that a self-styled charity is aware that the money it collects will be used, when transferred, to commit acts of terrorism. To prove this, it will not be necessary to demonstrate a link between the money that has been collected and a specific act of terrorism. Nor is it necessary for any act of terrorism to have taken place after the collection and transfer of the money. This point is made in article 2, paragraph 3 of the Convention. Essentially, what needs to be established is that a terrorist organisation is acquiring funds in order to prepare and commit acts of terrorism, and that the organisation collecting these funds is aware of this.

The adoption of the Convention and its wide scope may help to intensify the effort to suppress the financing of terrorism and hence help sharpen awareness of, and shed more light on organisations that have one branch that is politically active and another that commits acts of terrorism.

If there is evidence that an organisation collecting funds is guilty of preparing for the commission of a crime, an investigation will be launched. It should be added that the above does not prejudice the scope for instituting criminal proceedings for a violation of any of the provisions (adopted to implement decisions taken at international level) in or pursuant to the Sanctions Act 1977. For instance, engaging in any financial or economic transaction whatsoever with a person or an organisation whose name appears on an international list of terrorists is a criminal offence punishable by up to six years' imprisonment. To prove guilt it is not necessary to establish that the accused was aware of the purpose of the financial or economic transaction concerned. The mere fact that a provision of the Sanctions Act adopted in line with international decision-making has been violated either wilfully or through significant negligence is sufficient to procure a conviction under the criminal law (see also the answer to question 5).

Subparagraph 2 (b)

Question 10
The Intelligence and Security Services Act gives the National Security Service (BVD) (now the AIVD) the power to request information about individuals from the holders of personal data. However, contrary to the impression given in the first report, such information is provided on a voluntary basis. For completeness' sake, a translation is included here of the text of the Act as it has been in force as from 1 June 2002:

Section 17, subsection 1
The services are competent, in order to fulfil or promote the fulfilment of their responsibilities, to apply, for the purposes of gathering information, to:
a. administrative bodies, officials, and any other person they believe may be able to supply the information required;
b. any person or body responsible for processing data.

The above provisions describe which bodies are involved. It would be impossible to give an exhaustive list of all holders of personal data. Examples of the kind of information that is at stake would include personal particulars registered by the Immigration and Naturalisation Service, information filed by municipal authorities about members of the population, information kept by banks about their clients/account holders, and the information kept by airlines about their passengers.

Subparagraph 2(c)

Question 11
The general rule in the Netherlands is that Dutch criminal law is applicable to Dutch nationals who commit criminal offences outside the Netherlands provided these are crimes both under Dutch law and in the country in which the offence was committed. It is not necessary for the accused Dutch national to be in the Netherlands for criminal proceedings to be instituted against that person in the Netherlands.

There are no specific rules of jurisdiction at the moment in respect of persons whose permanent or temporary place of residence is in the Netherlands. However, the Crimes of Terrorism Bill, which currently lies before the House of Representatives of the States General, proposes that the Dutch courts should also have jurisdiction over terrorist crimes that are committed outside the Netherlands by someone whose permanent or temporary place of residence is in the Netherlands.

Where crimes of terrorism are involved, the principle of universal jurisdiction applies in the Netherlands. Dutch criminal law is applicable to anyone who is in the Netherlands and who has committed an act of terrorism outside the Netherlands. Universal jurisdiction is restricted for criminal offences that fall within the scope of the Convention on the Physical Protection of Nuclear Material, the Convention on the Prevention and Punishment of Crimes against Persons Enjoying International Immunity, including Diplomatic Agents, the International Convention against the Taking of Hostages, the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms on the Continental Shelf, and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, in respect of which the Netherlands does not possess primary jurisdiction (if there is no Dutch accused, and if the event does not take place on a Dutch vessel or aircraft). In such cases, Dutch courts have jurisdiction only if a request for extradition has been made and refused. Where crimes of terrorism are concerned that come within the scope of the other conventions for the suppression of terrorism, this restriction does not apply. It should be added that the Netherlands intends to scrap this restriction.

Subparagraph 2 (e)

Question 12
At the moment, participation in a criminal organisation is punishable (under article 140 of the Criminal Code) by up to six years' imprisonment. If this participation consists of founding, leading or administering the organisation, the sentence may be increased to a maximum of eight years' imprisonment.

Once the Crimes of Terrorism Bill that is presently before Parliament has been passed, participation in a criminal organisation whose purpose is to commit crimes of terrorism will be punishable by up to eight years' imprisonment, or fifteen years in the case of a founder, leader or administrator of such an organisation.

Under Dutch law different maximum penalties apply in respect of different serious crimes. For examples, the maximum penalty for murder is life imprisonment, and that for the taking of hostages is twelve years' imprisonment. Deliberately causing an explosion also carries a maximum sentence of twelve years' imprisonment, but if it results in a fatality, life imprisonment may be imposed. Once the above-mentioned Crimes of Terrorism Bill has entered into force, the maximum sentences for serious crimes may be increased by 50% (up to the universal statutory maximum penalty of life imprisonment, which is in practice at most 20 years) if these serious crimes were committed with a terrorist aim.

Subparagraph 3 (c)

Question 13
With which countries has the Netherlands entered into bilateral treaties on extradition and mutual legal assistance in criminal matters?

The Netherlands has entered into bilateral treaties on extradition with the following countries:
Argentina
Australia
Bahamas
Canada
Hong Kong
India
Kenya
Liberia
Malawi
Mexico
Monaco
New Zealand
Pakistan
Romania
San Marino
Serbia
Suriname
Tanzania
Uganda
United Kingdom
United States of America
Yugoslavia

The Netherlands has entered into bilateral treaties on mutual legal assistance with the following countries:
Australia
Canada
Hong Kong (to enter into force shortly)
Suriname
United States of America

Mutual legal assistance is possible on the basis of bilateral extradition treaties between the Netherlands and the following countries:
Argentina
Great Britain
Liberia
Mexico
Monaco
Romania
San Marino
Suriname
Yugoslavia

Subparagraph 3 (d)

Question 14
The Netherlands has ratified and implemented all twelve UN Conventions and Protocols relating to terrorism.

The following international conventions are fully applicable for the Netherlands Antilles and Aruba: the Convention on Offences and Certain Other Acts Committed on Board Aircraft (Tokyo,14 September 1963; Treaty Series 1964,186), the Convention for the Suppression of the Seizure of Aircraft (The Hague,16 December 1970; Treaty Series 1971, 50) and the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (Montreal, 23 September 1971; Treaty Series 1971, 218). In the case of the other nine UN conventions, these have been ratified by the Kingdom of the Netherlands, but where the Netherlands Antilles and Aruba are concerned, the necessary implementation legislation is still being drafted. Dutch lawyers specialised in legislation are helping to accelerate this process. The drafts are expected to be ready after the summer, after which they can be presented to the Advisory Council and then brought before Parliament. Depending on the rate of progress, the implementation legislation for all the remaining UN conventions may be able to enter into force for the Netherlands Antilles and Aruba at the beginning of 2003.

Subparagraph 3 (e)

Question 15
Have the crimes set forth in the relevant international conventions and protocols been included as extraditable offences in the bilateral treaties to which the Netherlands is party?

Yes, except for the bilateral treaty between the Netherlands and the United States of America. In article 2 of that Treaty, extraditable offences are described as offences as referred to in the appendix to the Treaty which are punishable under the laws of both Contracting Parties. These offences are as follows:
1. Murder; assault with intent to commit murder.
2. Manslaughter.

3. Malicious wounding; inflicting grievous bodily harm.
4. Arson.
5. Rape; indecent assault; incest; bigamy.
6. Unlawful sexual acts with or upon children under the age specified by the laws of both the Requesting and Requested States.
7. Wilful abandonment of a minor or other dependent person when the life of that minor or that dependent person is or is likely to be injured or endangered.
8. Kidnapping; abduction; false imprisonment.
9. Robbery; burglary; larceny; embezzlement.
10. Fraud, including obtaining property, money or valuable securities on false pretences, deceit, falsehood, or other fraudulent means.
11. Bribery, including soliciting, offering and accepting.
12. Extortion.
13. Receiving, possessing or transporting anything of value knowing it to have been unlawfully obtained.
14. Offences relating to criminal breach of trust.
15. An offence against the laws relating to counterfeiting and forgery, including the forging of seals, trademarks, documents, or use of such forgeries.
16. An offence against the laws relating to international transfers of funds.
17. An offence against the laws relating to importation, exportation or transit of goods, articles, or merchandise, including violations of the customs laws.
18. Offences relating to slavery or the illegal transporting of persons.
19. Offences against the laws relating to bankruptcy.
20. Offences against the laws relating to prohibition of private monopoly or unfair trade practices.
21. Perjury; subornation of perjury, making a false statement to a government agency or official.
22. Offences relating to wilful evasion of taxes and duties.
23. Any act or omission intended or likely to: a) endanger the safety of an aircraft in flight or of any person on board such aircraft; or b) destroy or render any aircraft incapable of flight.
24. Any unlawful seizure or exercise of control of an aircraft in flight by force or violence or by threat of force or violence, or by any other form of intimidation.
25. Any unlawful act or omission intended or that is likely to endanger the safety of any person in a railway train or in any vessel or other means of transportation.
26. Piracy, mutiny, or any mutinous act committed on board a vessel.
27. Malicious damage to property.
28. Offences against the laws relating to the traffic in, or the possession, production or manufacture of narcotic drugs, cannabis, psychotropic drugs, cocaine and its derivatives, and other dangerous drugs and chemicals.
29. Offences against laws relating to poisonous chemicals or substances injurious to health.
30. Offences against the laws relating to firearms, ammunition, explosives, incendiary devices or nuclear materials.
31. Offences against the laws relating to the abuse of official authority.
32. Offences against the laws relating to obstruction of justice.
33. Offences relating to securities and commodities.
34. Facilitating or permitting the escape of a person from custody.
35. Incitements to violence.
36. Any other act for which extradition may be granted in accordance with the laws of both Contracting Parties.

Subparagraph 3 (g)

Question 16

Negotiations are currently in progress within the Council of Europe with a view to updating and amending the European Convention on the Suppression of Terrorism of 1977. Whether or not the scope for entering a reservation should be maintained is an important subject of discussion in this context. The outcome of this discussion cannot be pre-empted. Where the practice of extradition is concerned, it should be noted that the Netherlands has never invoked the reservation it entered to the above-mentioned Convention.

Other matters

Question 17a

Police

The Netherlands has 25 regional police corps and one National Police Services Agency (KLPD).

Regional corps are responsible for civil policing in a number of municipalities, depending on the size of the region concerned. This includes matters such as police supervision in residential neighbourhoods, registering reports received from the public, dealing with traffic problems, providing assistance in public order disturbances etc. at local/regional level.

The KLPD has responsibilities at national level such as supervising roads, waterways and air traffic, and providing support to regional corps with the aid of specialists. The road traffic, railway, waterways and air traffic police all come under the KLPD. In all these areas there is close cooperation with the Royal Military Constabulary, a police force with military status that is largely responsible for border control. The Aliens Police is not a separate division. It consists of specially trained officers within each of the 25 corps, who perform the police's duties under the Aliens Act. The customs authorities are not part of the police in the Netherlands, but instead come under the tax authorities (Ministry of Finance), although they do work in close cooperation with both the police and the Royal Military Constabulary.

The manager in overall charge of a regional corps is the mayor of the largest municipality in the region. The KLPD is headed by the Minister of the Interior and Kingdom Relations. The police is subject to dual lines of authority: where maintaining public order and safety is concerned, the competent authority is the mayor of the municipality in which the police is operational, while the Minister of the Interior and Kingdom Relations bears final responsibility for maintaining public order and safety.

When the police is acting on the basis of the criminal law to maintain public order, and fulfilling responsibilities for the judicial authorities, it is subject to the authority of the public prosecutor. In such cases, the Minister of Justice bears responsibility at national level. To coordinate matters there are two permanent tripartite consultative frameworks:
consultations between the mayor, the public prosecutor and the police chief (regional, local);
consultations between the Minister of the Interior and Kingdom Relations, the Minister of Justice, and the head of the General Intelligence and Security Service (national).

The results of the first consultations are of course transmitted to the second, so that all parties are in the possession of the right information.

The consultations among the 25 regional corps proceed through the Board of Chief Commissioners, on which sit the police chiefs of all 25 regional corps.

Supervisory authorities in the Netherlands

National Bank

Supervision of financial institutions is essential given their special and vital role in the economy and the public importance of the continuity of individual institutions. Along with its responsibilities in relation to the euro and the payments system, another main function of De Nederlandsche Bank (the Bank) is supervision, comprising supervision of banks, supervision of investment institutions and supervision of foreign exchange offices.

Through its authorisation system, the Bank ensures that banks and other institutions meet certain minimum requirements. It also monitors the integrity of the financial system and of managers. It is one of the three supervisory authorities for financial institutions in the Netherlands.

It is important that public confidence in banks is maintained. De Nederlandsche Bank therefore ensures that banks operate responsibly. It is not responsible for the risks run by banks. It is not up to supervisory authorities to do the work of bankers; the management of a bank bears full responsibility for its own policy. It should be noted that the act governing supervision refers to 'credit institutions' rather than 'banks', 'credit institutions' being a collective term for universal banks, banks organised on a cooperative basis, savings banks, security credit institutions and institutions such as mortgage banks. These are all institutions whose business is to receive repayable funds from the public, for example by offering savings schemes. The funds received are used for loans and investments for the credit institution's own account, for example in the form of loans to enterprises or individuals.

Investment institutions are institutions which solicit funds from the public for subsequent investment. The returns on these investments are for the benefit of the investors. The funds brought in by investors form the institution's own funds. The capital is invested in shares or bonds etc. However, the institution may also invest in property, foreign currencies or options. Investment always entails risk, meaning that investment institutions can give no guarantees as to future results. The institutions are accordingly obliged to include a warning in their advertisements and other publicity material that the value of investments may fluctuate and that past performance is no guarantee for the future. Investment institutions can hedge or reduce certain risks by means of options, futures contracts etc. This invariably involves costs which affect the final result.

Since March 1995 all foreign exchange offices must be registered with the Bank. The objective in this case is entirely different to that of the supervision of banks and investment institutions. It was commonly thought in the early nineties that some foreign exchange offices were being used for laundering criminal gains, thereby jeopardising the integrity of the Dutch financial system. The Exchange Offices Act primarily seeks to protect this integrity and its specific objective is to prevent money laundering. Only those foreign exchange offices that meet legal requirements in respect of managers' trustworthiness and sound management are entered in the Bank's register and may conduct foreign exchange transactions. The foreign exchange offices must report unusual transactions, while their customers must give proof of identity in certain cases. Exchange rates and commission charges must be clearly displayed in each office.

In comparison with other countries, the banking sector in the Netherlands is highly concentrated. So in the unlikely event of a large bank getting into difficulties, the risk is high that this individual institution's problems will rapidly spread to others. This is one reason why supervision of the banking sector in the

Netherlands rests with the central bank. To be able to react quickly on an international level as well, the Bank maintains intensive contact with supervisory authorities in other countries. Supervision of investment institutions and foreign exchange offices also falls under the Bank's responsibility.

The Bank is not the only supervisory authority in the Netherlands. The Netherlands Authority for the Financial Markets supervises securities trade in the Netherlands, protects the position of the investor and ensures proper and transparent functioning of the markets. The Insurance Board supervises the insurance companies and pension funds operating in the Netherlands. The Bank maintains close contact with this agency, in the context of the Council of Financial Supervisors and at other levels.

Supervision of the financial sector is not static. Supervisory authorities need to constantly anticipate developments in the financial area, such as the growing internationalisation of the banking sector and the increasing importance attached to the supervision of financial integrity. These factors inspired a thorough reorganisation of the Bank's supervisory sector, effective from 1 July 1997.

The Netherlands Authority for the Financial Markets

The Netherlands Authority for the Financial Markets is an autonomous administrative authority and most powers relating to the supervision of securities legislation have been delegated to it by the Ministry of Finance. As an autonomous administrative authority, it has independent responsibility for carrying out its supervisory role. The Supervisory Board oversees the way in which the Executive Board carries out its activities. The Minister of Finance has powers to appoint the chairman and members of the Executive Board and the Supervisory Board, and to approve amendments to the Authority's articles and the annual budget.

The offices of the Netherlands Authority for the Financial Markets are on the Singel in Amsterdam. Over the years the Authority's supervisory role has grown. It began to carry out its supervisory role in 1989 with three members of staff and currently fulfils its role in the securities market with the help of just over 200 staff.

The Pension and Insurance Board

The Dutch Pension and Insurance Board (PVK) is responsible for the supervision of insurance companies and pension funds. The rapid developments taking place in the financial markets make watchful and authoritative supervision essential. In addition to direct supervision, its activities include research, policy advice and the provision of information. It protects the interests of the consumer without losing sight of the interests of the sector.

The PVK's aim is to ensure that insurers and pension funds fulfil their obligations to policyholders, pension scheme members and pension recipients. The PVK is goal-oriented, trustworthy, cooperative and self-critical. These core mission values are achieved through ongoing acquisition of knowledge, results-oriented cooperation and the maintenance of a consistent and discreet approach.

The PVK supervises the operations of all insurance companies and pension funds that do business in the Netherlands. The aim is to ensure that the institutions concerned are and remain financially sound and that they are also able to fulfil their obligations in the future. It also advises the ministries involved in the insurance and pensions area, including giving advice on national and European legislation.

The PVK uses a normative system of supervision, which means that supervision takes place retrospectively. An assessment of an institution is arrived at through inspecting and consulting on annual accounts and auditors' and other reports. The PVK carries out targeted research, which more

thoroughly investigates specific subjects. Another important responsibility is checking on the expertise and trustworthiness of all current and new managers and directors of insurance companies and pension funds. The emphasis in the years ahead will be on integrity, national and international cooperation between financial supervisory bodies, the formation of conglomerates and their supervision, transparency and the provision of information. At the moment, a good deal of attention is also being paid to the introduction of the euro, the use of derivatives, new actuarial principles and the level of interest rates.

The PVK is not the only supervisor in the financial arena. Cooperation between the various controlling bodies, national and international, is not only desirable but essential in order to ensure an overall view of the dynamic and complex domestic market, and to keep track of the increasing number of cross-border contacts between institutions subject to supervision.

The Immigration and Naturalisation Service

The Immigration and Naturalisation Service (IND), a department of the Ministry of Justice, is responsible for the implementation of policy on aliens. Its tasks include assessing applications for family reunification and to work in the Netherlands, together with the supervision of aliens residing in the Netherlands and the assessment of asylum requests.

The IND does not carry out all these tasks on its own, but works with a large number of organisations, ranging from the police, the Royal Military Constabulary and Customs to the Central Reception Organisation for Asylum Seekers, the Aliens Police, the embassies, and the Ministry of Foreign Affairs.

The IND has more than 3,500 expert and committed staff. Most of them are located at one of the five regional offices, while a small number are located at the head office in The Hague. The IND is responsible, on behalf of the State Secretary, for the implementation of the core tasks of issuing standard residence permits to aliens, naturalisation, visas, asylum, supervision of aliens, and border security.

The geographical location of the regional offices corresponds to the provinces and the police regions. An attempt is also made to match the regional locations of the reception and investigation centres and the asylum seekers residence centres. The central regional office is something of an exception: it deals with specific groups of asylum seekers throughout the Netherlands, and is therefore not regionally orientated.

Customs Service

The Dutch Customs Service employs approximately 6,000 people. The organisation, the Directorate of which is established in Rotterdam, consists of seven districts. These districts are divided into thirty-seven customs offices, which in turn are subdivided into teams. A district is in charge of administering national and international regulations on the import, export and transit of goods.

Assisting units

The Customs Service has four assisting units: the Laboratory, the Customs Information Centre (DIC), the Central Control and Administration Unit (CBD) and the Central Import and Export Office (CDIU). The Laboratory conducts chemical analyses on samples, in order to help assess the amount of customs duties, excise duties and export refunds for agricultural goods. The Customs Information Centre collects, processes and distributes information to assist in the customs tasks. On the basis of this information it makes risk analyses to determine whether goods will be inspected. The Central

Customs Management Unit is in charge of the automated systems in the customs organisation, the measures and tariffs applicable to the import, export and transit of goods, and the central administration of the levying and collection of customs and excise duties. The Central Import and Export Office issues licenses for the import, export and transit of industrial goods. It also deals with the export of strategic goods and the distribution and administration of economic import quotas.

Tasks

The Customs Service is the controlling authority in the field of the import, export and transit of goods.

Its tasks include:

- controlling the import, export and transit of goods: To carry out its control tasks, Customs inspects the flows of goods entering or leaving the territory of the European Union. Inspections are carried out on the basis of risk analyses. Container scans have been put into use at the Maasvlakte in the port of Rotterdam and at Schiphol Airport;
- levying and collecting import duties and domestic excise duties: Customs levies taxes on goods imported via the Netherlands into the European Union. It determines whether customs duties or other taxes, such as excise duties and value added taxes, should be paid. It also collects these duties and taxes. Since 1993 it has also been in charge of levying and collecting motor vehicle taxes and carrying out checks for that purpose;
- enforcing Dutch and European Union legislation: Customs contributes to the regulation of the European market. Within the European Union there is a system of levies and refunds through which the agricultural and food markets are regulated;
- protecting the quality of our society: Customs enforces legislation governing the quality of our society. This quality is guaranteed through a number of acts, such as the Opium Act, the Weapons Act and legislation on the health of people, animals, plants and the environment. Customs enforces these laws for the ministries responsible for the legislation. This task, which is still increasing, is of great social importance.

Cooperation and fraud control

The European Union and the Dutch government attach great value to effective fraud control. The emphasis lies on joint actions to fight fraud in sensitive sectors, on strengthening the supervision of the transit of goods and on the development of automated systems to assist customs checks. Customs seeks to cooperate on a national and international level. Agreements have been made with trade and industry on the timely and automated supply of data about movements of goods. In this way customs checks, fraud control and rapid completion of logistic processes go hand in hand. The cooperation agreements are laid down in Memoranda of Understanding. Customs cooperates with other national and international inspection and investigation services with which covenants have been concluded. Through this concentration of strength, the exchange of data has been stimulated and the efficiency of inspections has been enhanced.

The Dutch anti-terrorism and security action plan includes an action point on strengthening external frontier controls and mobile aliens supervision. Through intensive use of police files, improving officers' expertise in checking the authenticity of travel documents and improving the information available, frontier controls and mobile aliens supervision will be better equipped to combat terrorism. Additional measures have been taken with regard to the two largest frontier points: Amsterdam's Schiphol airport and the port of Rotterdam.

The following measures have been taken as part of the fight against terrorism:

1. more intensive use of police files;

2. tightening and improving passport control through special training for the officers concerned and improved technical capabilities;
3. increasing the number of Royal Military Constabulary staff involved in document control and the National Documents Office;
4. improving the information available for border control and mobile aliens supervision;
5. stepping up patrols in the port of Rotterdam;
6. stepping up physical inspections in the port of Rotterdam;
7. stricter enforcement of passenger bans in the port of Rotterdam;
8. supervision of the non-Schengen transit zone at Schiphol airport;
9. supervision of the Schengen transit zone at Schiphol airport;
10. strengthening analysis capability at Schiphol airport;
11. Schengen-based border controls at Schiphol airport;
12. investigating broader statutory powers for mobile aliens supervision.

The border controls carried out by the Netherlands must comply with relevant EU legislation and further decisions taken at European level. The measures being considered internationally involve the use of biometric data at frontier crossing points, more intensive cooperation between border police forces in member states, improving information exchange, and more intensive supervision in international transfer facilities at airports.